



WEEKLY OUTLOOK

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MORE SOYBEANS THAN EXPECTED

There has been some speculation that the USDA has underestimated the size of the 2002 soybean crop. The June 1 *Grain Stocks* report appears to confirm that speculation. At 602.3 million bushels, the June 1, 2003 inventory of soybeans was 46 million bushels larger than the average trade guess and 59 million larger than our calculations based on known disappearance and an estimate of residual use. Without an adjustment in the estimated size of the 2002 crop, the June 1 stocks figure implies that seed, feed, and residual use during the first three quarters of the marketing year totaled 165 million bushels. Over the past four years, apparent use in that category during that period ranged from 205 to 225 million bushels. June 1, 2003 stocks of soybeans are 82.6 million bushels smaller than on the same date last year and at the lowest level for that date in five years.

The June 1, 2003 inventory of corn was estimated at 2.985 billion bushels, 28 million less than the average trade guess, but almost identical to our calculation based on known use and the assumption that feed and residual use is occurring at the rate projected by the USDA. Corn stocks as of the first of the month were 612 million bushels less than on the same date last year and at the lowest level in six years.

The June 1, 2003 inventory of wheat was estimated at 492 million bushels. That is 24 million bushels more than the projection that the USDA made in the June 11 monthly report of supply and consumption. The larger than expected inventory adds to the supply for the 2003-04 marketing year.

The survey for the USDA's June 30 *Acreage* report was conducted during the first two weeks of June. As always, the survey date implies that the planted acreage estimates contained in the report reflect some level of intentions, since not all planting is completed at the time of the survey. For corn, the USDA estimates that 79.066 million acres were planted in 2003, almost identical to March intentions of 79.022 million and actual plantings of 79.054 million in 2002. Compared to March intentions, less corn was planted in Illinois, Minnesota, and Nebraska and more was planted in Iowa, Michigan, North Dakota, Ohio, South Dakota, Texas, and Wisconsin. Compared to 2002 acreage, the largest changes were in Indiana (up 300,000) and Nebraska (down 400,000).

With normal weather for the remainder of the growing season, corn acreage harvested for grain is expected to reach 71.985 million, up 2.672 million from harvested acreage in 2002. Harvested

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acreage of other feed grains (sorghum, oats and barley) is expected to be 1.774 million more than harvested last year. Harvested acreage of all feed grains could be 4.446 million acres larger than harvested last year, even though the magnitude of planted acreage is unchanged.

The USDA June *Acreage* report put soybean plantings at 73.653 million acres, 471,000 above March intentions, but 105,000 below actual acreage in 2002. Compared to March intentions, soybean plantings are larger in Illinois, Kansas, Michigan, Minnesota, and North Dakota. Acreage estimates declined for Indiana, Mississippi, Ohio, and South Dakota. The largest changes from 2002 occurred in Indiana (down 400,000), Ohio (down 350,000), Minnesota (up 400,000), and North Dakota (up 430,000). Harvested acreage of soybeans in 2003 is projected at 72.681 million, 521,000 more than harvested last year when adverse weather led to larger-than-normal abandonment.

For wheat, winter wheat acreage is estimated at 44.349 million about the same as estimated in March and 2.6 million more than seeded last year. Durum acreage, at 2.804 million is also about equal to March intentions, and only 100,000 below acreage in 2002. Acreage of other spring wheat, at 13,787 million, is 769,000 below March intentions and 1.927 million less than seeded in 2002. Compared to March intentions, acreage of other spring wheat is down in Montana and North Dakota. Compared to last year, acreage is down in all major spring wheat producing states, partially as a result of increased winter wheat acreage. While planted acreage of all classes of wheat is estimated to be only 582,000 more than planted last year, harvested acreage is projected to be up by 6.86 million acres due to fewer abandoned acres.

Overall, the market viewed the June *Grain Stocks* and *Acreage* reports as negative for corn and soybean prices, especially with current prospects for higher yields in 2003. The spring wheat acreage estimate, along with better export demand, provided some temporary support to the wheat market.

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